2022
PRIVATE COMPANY BOARD COMPENSATION SURVEY

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LODESTONE GLOBAL

We are a specialized consulting firm focused on high-performance boards. We BUILD, FACILITATE, OPTIMIZE, and EDUCATE award-winning boards around the globe to drive performance and profitability for our clients.

BUILD YOUR BOARD
Lodestone Global's proven methodology results in the creation of a board that respects and leverages your culture, supports your leadership team on critical strategic initiatives, and delivers a high return on investment. Our proprietary and exclusive database of experienced Board candidates ensures optimal effectiveness.

IMPROVE YOUR BOARD
Strategy without execution is a daydream, and execution without strategy is a nightmare. Lodestone Global uses industry best-practices to optimize your board. Our experienced facilitators ensure all advisors are expertly trained to bring forth high levels of collaboration and engagement.

COMPENSATE YOUR BOARD
Lodestone Global's best-in-class, proprietary data and analytics provide you with precise, custom-tailored director compensation levels. We perform annual performance and compensation reviews to ensure your board is benchmarking to the latest and most accurate market levels.
INTRODUCTION
Median total compensation was $44,850, ~5% higher than the $42,750 reported last year.

Median revenue was $110m
Median number of employees was 275

Compensation is projected to rise in 2022 with 58% of the respondents projecting a rise in director pay – up from 45% who expected an increase last year and 35% the year before.

The +4.9% increase (-1.7% in 2020) is the result of a +5.3% increase domestically, offset by a +4.0% increase internationally. Technology firms saw the most growth again this year, paying their directors +9% more year-on-year.

Lodestone Global surveyed 576 companies across 41 different industries and 39 countries to analyze current board practices and compensation around the world.
Lodestone Global’s aim is to increase private company director diversity. The data continues to show that diversity produces a higher-performing boardroom.

In 2021, women served on 79% of the boards of companies surveyed, up from 78% last year and 71% the year before.

The number of women directors remained at a median of 2.5 vs. 2.5 last year, achieving a ~40% representation on a typical board.

98% of boards with at least one woman director reported an increase in revenues since the respondent joined the board.
EXECUTIVE SUMMARY

BOARDS & PERFORMANCE

Boards continued to strongly impact company performance. Since implementing a board of directors, 97% of companies reported increased revenues and 94% reported increased EBITDA. Since the respondent joined the board, companies reported an average revenue increase of ~60%.

63% of the participants categorized their boards as “Indispensable” or “Very Effective” at driving corporate strategy. These results support the notation that a board with strategically selected directors can be essential to achieving corporate goals and improving profitability.
IN-PERSON MEETINGS TO RETURN? HYBRID APPROACH?

In 2020, over 95% of companies reported holding their board meetings remotely. In 2021, over 40% of companies reported returning to their typical in-person meetings, with another ~32% adopting a hybrid approach (e.g., 2 out of 4 meetings per year held in person). Over 60% of the respondents indicated a preference for in-person meetings.

COMPENSATION MODIFICATIONS?

Most temporary modifications to director compensation that were put in place in 2020 were eliminated in 2021. Less than 10% of respondents indicated any reduction in fees with respect to COVID-19. In fact, 32% of respondents reported increased pay commensurate with the increased meetings that have taken place since the onset of the pandemic. In 2020, many directors were not adequately compensated for the increase in work.

INCREASED MEETINGS/WORK?

In 2020, 55% of respondents indicated their companies had increased the number of meetings due to COVID-19. In 2021, that number jumped further to ~75%. Many companies are employing special meetings/working sessions to deal with critical issues that have surfaced due to the pandemic (e.g., digital transformation, supply chain issues, etc.). The median number of meetings remained elevated at 4 Formal “In Person” Meetings (including videoconferences that have replaced traditional meetings) and 4 Teleconferences.*

*For comparison purposes, we will report TOTAL COMPENSATION as 4 IN-PERSON MEETINGS and 2 TELECONFERENCES.
ABOUT THE SURVEY

2022 PRIVATE COMPANY BOARD COMPENSATION SURVEY

The 11th Annual 2022 Private Company Board Compensation Survey was conducted among our clients and select members of YPO* in the fall and winter of 2021. 576 companies provided meaningful responses. Additional data was collected from over 3,000 companies that is excluded in these results to keep the sample consistent. The additional data is available to custom compensation clients upon request.

The objective of the survey was to collect data on Board member compensation for independent directors. We also captured data on Board practices and sentiment, to provide a picture of current governance thought among private company board members.

All of our data was collected and normalized to annual levels to provide a relative basis of comparison. Average calculations included all 576 respondents (except per teleconference fees) whereas median calculations excluded the respondents who did not give an answer for that specific category.

The survey presents the overall results of our work in determining specific compensation levels, as well as prevalent Board practices. This survey is private and confidential and was conducted for the sole benefit of participating companies and Lodestone Global. This report may not be reproduced, quoted, archived, redistributed, or otherwise used without express permission.

*YPO connects ~30k chief executives of companies generating >USD$6 trillion in revenues and employing >15 million people in 137 countries.
Companies reported **INCREASED REVENUES** since implementing a Board of Directors

Companies reported **INCREASED EBITDA** since implementing a Board of Directors

Companies reported **AVG. REVENUE GROWTH OF 60%** since implementing a Board of Directors

97%

94%

+60%
If you have any questions, comments or suggestions, or would like additional tailored insights for your company please contact us by email at:

info@lodestoneglobal.com

Material presented is designed to provide general information and should not be acted on without professional advice tailored to your firm’s individual needs.

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